

## 10. Packaging Equipment

### Overview

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Packaging Eq. Market	2002 (actual)	2003 (actual)	2004 (estimated)
Total Market Size	150	170	210
Total Local Production	4	6	7
Total Exports	0	0	0
Total Imports	146	164	203
Imports from the U.S.	4	5	8

*The above statistics are in US\$ millions and are unofficial estimates.*

Vietnam presently offers a strong combination of rapid growth, social stability and an excellent demographic profile that is fueling industrial production and consumer demand. These trends have led to packaging becoming one of the most rapidly developing industries in Vietnam. According to Vietnam Packaging Association (Vinpas), the packaging sector is growing at least 15% - 20% per year.

At present, Vietnam has more than 900 packaging manufacturers, about 70 percent of which are located in the southern part of the country. The market may be broken down into five major types: (1) plastic packaging; (2) cardboard/paper; (3) metal containers; (4) glass; and (5) others. The market share for packaging products is as follows:

Plastic packaging – 35%.

Card board and paper – 45%.

Metal containers – 10%.

Glass – 7%.

Others - 3%.

The packaging industry still imports 95 percent of raw materials and equipment used in this sector. Most of the companies in the sector have invested in average quality technology and equipment from Korea, China, Indonesia, and Taiwan. Some leading companies like Tan Tien Plastic Packaging and Liksin Corporation have imported more advanced equipment and systems from Western European countries. Most purchases of equipment are financed internally by packaging businesses. American packaging machinery and services currently have a market share of 2% - 4%, although this share should expanded over the next few years.

### Best Products/Services

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American companies will find significant opportunities for providing machinery and services in the following packaging sub-sectors:

#### Plastic Packaging

Currently, the plastic packaging sub-sector is growing rapidly. From a few small factories producing 18 million plastic packs each year in 1992, the sector now produces around one billion packs serving industries such as processed food, soft drinks, cooking oil, cosmetics and lubricants. This domestic production meets nearly 97 percent of the total market demand. Vietnam presently has 341 plastic packaging producers, of which 288 manufacturers are located in the South, 39 in the North and 14 in the Central region.

Plastic packaging is forecast to grow at an average rate of 15 percent per year and reach a capacity of 1,400,000 tons by 2010. With this average growth rate, most of the plastic packaging producers are making intensive investments in new machinery. Vietnamese food producers are now targeting the U.S market and thus they are interested in packaging that is suitable for U.S consumers. This in turn has created a demand for U.S. plastic packaging equipment. In particular, there is a good potential market for biodegradable plastic packaging in Vietnam. Until now there has been very little investment in this technology and there is no practical solution to the tons of used plastic packaging waste. Specifically, American companies will find sales opportunities in providing machinery and services for producing flexible packaging such as multi-layer packaging for food and confectioneries, dairy products, and personal care products, as well as polypropylene (PP) woven bags.

#### Metal Packaging

Metal containers, mostly tinfoil packaging, comprises around ten percent of the packaging industry. Vietnam has only been producing metal containers for the past five years. There are about 30 metal container producers in Vietnam, most of which are in Ho Chi Minh City.

In the next three years, metal packaging is forecast to grow by seven to ten percent per year, and demand for equipment will increase by about three percent per year. This sub-sector provides a good opportunity for U.S suppliers of machinery producing multi-model metal packaging.

#### Opportunities

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American companies will find significant opportunities for exporting their equipment and services to Vietnam in the sub-sectors identified above.

#### Resources

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